

1 THE HONORABLE WILLIAM WITT, IOWA HOUSE OF REPRESENTATIVES

2
3 CHAIRMAN JAMES: With that, I will turn to the
4 Honorable William Witt.

5 REP. WITT: I'm Bill Witt. I represent the 23rd
6 District in Iowa. I want to thank you all for giving me the
7 opportunity to speak here today. I also want to thank Senator
8 Rogers. She has honored something that politicians usually honor
9 more in the breech; that is, she's a politician before a
10 microphone and she met her time deadline. I'm going to try and
11 do the same thing and move quickly through my prepared text, or
12 as quickly as I can.

13 I want to also note that I feel gratitude to my
14 colleagues in the Iowa Legislature because they gave me one very
15 clear message to share with you here today, and that is that Iowa
16 has enough gambling.

17 After 20 years of shuffling and wandering around and
18 maybe presenting the saga of the unsophisticated investor that we
19 heard about earlier, Iowa came forward very clearly, by a vote of
20 98 to one in the House and better than 80 percent in the Senate,
21 and said, we want no more. We voted a five year moratorium. The
22 bill is now on the Governor's desk. We don't know if he's going
23 to sign it or not, but the message has been very clear.

24 Our Racing and Gaming Commission has also gotten that
25 message. And the Chairman of the Commission has indicated that
26 regardless of the Governor's action, the Racing and Gaming
27 Commission is going to move forward and adopt rules that will
28 affect the intent of the legislation.

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1 Now, as I said, Iowa is probably the great example of
2 the unsophisticated investor, either individually or
3 collectively. As we've heard from others here, Iowans are not
4 strangers to gambling. We've been going at this now in a legal
5 way going on 30 years. I'll say, too, that I'm personally
6 indifferent to an individual's wishes whether they want to
7 gamble, recreationally or socially, at least on an occasional
8 basis. My concerns come in when we get into the aspects of
9 pathological gambling. I'll be discussing some of that in a bit.

10 My introduction, as I think many other Iowans'
11 introduction to gambling, was almost a Gilbert and Sullivan
12 affair. It happened in 1970, in a little village up in Northeast
13 Iowa, the area where I grew up, where they had a very well kept
14 secret. This was the little town of North Buena Vista, about 200
15 people and every year on Labor Day weekend they threw the great
16 picnic and bingo bash which as it turned out, was really a very
17 large fund raiser for the Catholic Archdiocese of Dubuque.

18 It wasn't a very well kept secret, unfortunately for
19 them because Iowa's Attorney General, who was a rather flamboyant
20 figure, got wind of it and on Labor Day 1970, while he circled
21 over the town in his helicopter, he directed agents of the
22 Department of Criminal Investigation and State Troopers to move
23 in from all directions on this little community. The great bingo
24 bust resulted in the confiscation of tens of thousands of dollars
25 of illegal wagers, a roulette table, slot machines. They netted
26 an Archbishop, a Bishop, numerous other Catholic clergy,
27 Protestant clergy, the Sheriff of Clayton County, one of his
28 Deputies and the Sheriff of Dubuque County just escaped by the
29 skin of his teeth. But he was later questioned.

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1 So Iowans had at that moment I guess a somewhat
2 humorous introduction to organized gambling. The Iowa
3 legislature took the only honorable practical course, faced with
4 a bust of that magnitude, they shortly legalized charitable bingo
5 for the state. That's how things stood, with annual adjustments
6 to the bingo laws up until the recession of the late 1970's and
7 early 1980's.

8 Then in communities like Waterloo, which neighbors my
9 town of Cedar Falls, and Dubuque and other industrial towns,
10 there arose a clamor to bring in new opportunities. As the folks
11 did in Gary, they pressed for gambling. Iowans didn't go for
12 casinos right off the bat. At that time they wanted a lottery
13 and they wanted pari-mutuel betting. And in four of the hard hit
14 communities, race tracks were finally authorized and appendix B
15 of my testimony will give you a pretty extensive summary of all
16 of the changes that were passed in the course of those years.

17 But the race tracks came in, in 1982. After two
18 Governors' vetoes in 1983 and '84, the Governor finally agreed to
19 sign a state lottery bill. And then in 1989 riverboat excursions
20 with gambling additions were approved, and as Mr. Seay pointed
21 out, those boats began operating in 1991.

22 Now, one thing I want you to note is that all of
23 these changes weren't an easy fix. They were passed on very
24 close votes. Typically it was 51 or 52 in House, and again, 26
25 or 27 of 50 Senators in the state were needed to accomplish it.
26 But the gambling folks could also bet on three very reliable
27 cards. They claimed that gambling was economic development.
28 They claimed and did their best to benefit local charities and

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1 community institutions, and they always sold it as family
2 friendly entertainment.

3 As I said, the last time they drew and played that
4 trio of trump cards was in 1989 when they moved to get excursion
5 boat gambling authorized. As Mr. Seay pointed out, there were
6 limits put on that. There was a five dollar wager cap and \$200
7 daily loss limit. Iowa's boats were in operation for only about
8 a year when they came back and said we can't compete with
9 Illinois. We can't compete because they don't have loss limits.
10 So the pressure was on, and this idyllic vision of Iowa, the
11 Grant Wood vistas and the Field of Dreams and Marian the
12 Librarian, now found itself in the position of looking at taking
13 off all restrictions on casino style gambling and slot machines.

14 In fact, Iowa found itself as one of the states that
15 offered more legalized forms of gambling than just about any
16 other. It was a real interesting situation. In addition to
17 competition across the rivers and north of the border and south
18 of the border, changes in the law allowing casinos also brought
19 in Indian casinos to Iowa. So when I arrived from my first term,
20 my first session in 1993, I was surprised. I'd never paid much
21 attention to gambling and I hadn't really thought that it was
22 going to be much of an issue. Boy, was I wrong.

23 The gambling companies, the communities, all the
24 gambling interests wanted those limits off. And the position I
25 took was we understand that there are social costs involved with
26 gambling of this magnitude. Show me that we're taxing you
27 enough, and if those costs are being met, I'll consider voting
28 for it. Nobody ever came up with those figures for me, at least
29 not from that side of the issue. So I voted no. By the way, 1993

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1 was the first year that some form of gambling wasn't approved.
2 The bill failed in the House by one vote and then I learned an
3 awful lot about how the gambling business can organize and how
4 they can lobby and how they can pressure people.

5 I've outlined some of the things that I got, some of
6 the more gentle kinds of pressure that I received. I also
7 received anonymous death threats. I had my house egged. My
8 house had vegetables thrown at it, and a host of other things.
9 And I had flat out promises that I was going to be defeated in
10 the next election.

11 I'll just mention, too, that there's a one page
12 appendix A in my remarks. It's a letter. It came from a woman
13 whose family life has been devastated because her husband became
14 a gambling addict. I share that with you because I'm pretty
15 certain now that her anonymity can't be violated. She's moved
16 out of state; her family has moved out of state. But she very
17 simply and eloquently I think summed up the dilemmas and some of
18 the real tragedies that families face when a member becomes an
19 addicted gambler.

20 But in 1994 the gambling forces did get their act
21 together and again, on a very close vote, they succeeded in
22 passing the lifting of limits on the boats, no more having to
23 move up and down the river. They didn't have to leave the dock.
24 No more \$200 daily loss limit, no more five dollar betting limit.
25 It was wide open. The companies could go after their market with
26 bare knuckles. And they've done a pretty effective job of it.

27 We now have about 14,000 slot machines licensed in
28 Iowa. That's one slot machine for every 20 Iowans. And one in
29 200 Iowans, by an Iowa State University study reported this year,

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1 is either a problem gambler or pathological gambler. I should
2 mention that Iowa State University did a base line study in 1989
3 when the riverboats were first authorized. At that time, with
4 all the other forms of gambling that were available in Iowa, the
5 lottery and bingo and a variety of other things, they estimated
6 that 30 to 40,000 Iowans might have or very likely were in
7 pathological gambling situations.

8 So we've come to 1997. We have 14,000 slot machines
9 spinning away in Iowa. The state is deriving about \$125 million
10 in tax revenues from those slot machines. It's getting another
11 34 and a half million dollars in revenues from the state lottery.
12 And I suspect that Senator Rogers would say, hey, you folks are
13 winning.

14 But I think I'd have to disagree. I'd like to point
15 out, as I'm sure other speakers will later today, that there are
16 quantifiable social costs and economic costs derived from problem
17 gamblers. One of my sources of direct information into this
18 problem and phenomenon and its magnitude has been the Consumer
19 Credit Counseling agencies in Iowa. These are federally and
20 state accredited not-for-profit agencies whose job it is to work
21 with people who have serious credit problems. If you look you'll
22 see that the report from the Northeast Iowa agency which I've
23 summarized here points out some interesting situations.

24 They received almost 3,000 inquiries last year, and
25 they served roughly 1,600 individuals. Now, again I can break
26 this down further. But of 1,600 or so that they did serve,
27 approximately 970 reported gambling related excessive use of
28 credit problems. Now, one of the reasons that I trust this data
29 is that these agencies have adopted a policy of requiring all

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1 those they serve to disclose the sources of their debt problems.
2 And that relates again to what the previous gentleman discussed,
3 you know, how can we get at some of this information. I would
4 direct you to the Consumer Credit Counseling agencies. They
5 don't let people shift blame. They don't let people duck the
6 issues. If you want to play with them, you've got to report how
7 you got into that fix. So they are looking at something on the
8 order of 60 percent of the people they're now serving, reporting
9 admitting gambling problems.

10 I hope we'll get a chance to discuss Dubuque County.
11 Dubuque County is one of those rust belt cities that per capita
12 has more slot machines now than any other part of the state.
13 Dubuque County has reported a doubling of its bankruptcy rate in
14 the last year. And financial institutions, according to the
15 director of the credit counseling agency, are begging them to
16 come in and begin working with the people in Dubuque.

17 So although Senator Rogers and I might agree on the
18 Chicago Bulls, I think we disagree about the overall aspect of
19 gambling. I think that gambling persuades policy makers by
20 shifting blame. And it profits by shifting its heavy social and
21 economic costs to other businesses and to the taxpayers and it
22 constantly denies responsibility for either one.

23 CHAIRMAN JAMES: Thank you very much.

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